

The Moral Judgment Relationship Between Leaders and Followers: A Comparative Study Across the Taiwan Strait

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Abstract Ethics is central to leadership because of the impact leaders have on establishing organizational values and engaging followers to accomplish mutual goals. The ethical concerns of leaders may influence ethical decision-making of their followers. This paper attempts to investigate the relationship between leaders and followers on moral judgment, and make a comparison between China and Taiwan on the leader–follower moral judgment relationship. Data were collected through a questionnaire survey on purchasing professionals in China and Taiwan. The development of moral judgment was measured using the defining issues test. Research findings indicate that followers exhibit higher level of moral judgment while their leaders have higher level of moral judgment. A positive moral judgment relationship exists between leaders and followers. The comparative study between China and Taiwan reveals that Chinese purchasing professionals are more easily influenced by their workplace leaders than their Taiwanese counterparts. Power distance would strengthen the leader–follower moral judgment relationship. The present research makes contributions toward the ethics literature by providing empirical insight into the relationship between leader moral judgment and follower moral judgment. This paper also suggests implications and opportunities for future research.

Keywords Moral judgment development · Ethical leadership · China · Taiwan

Introduction

Leadership is a process whereby the leader influences others to reach a common goal. Leaders provide a blueprint for what a company's organizational culture should be, and usually have more power and control than followers (Brown & Treviño 2006). They can use their power in their decisions, their own actions, and their influences on followers. The behavior of an individual's leaders in the company has been rated as the most important influence on ethical behavior, far more important than ethical climate within the organization, the behavior of peers, and personal financial needs (Nel et al. 1989).

A body of business ethics research suggested that the power held by leaders place them in a position to set the ethical climate of an organization and to influence followers' ethical attitudes (e.g., Hood 2003; Koehn 2005; Sims & Brinkmann 2002; White & Lean 2008). Leaders are usually required to have more responsibility to be ethically sensitive to how their leadership affects followers' behavior. There is a consensus in leadership research suggesting that ethics ought to be considered as an integral part of leadership (Avey et al. 2011; Brown & Treviño 2006; Higgs 2009).

Because of the impact leaders have on their followers' behavior, ethical leadership research should consider studying whether leader moral values are truly perceived by followers (Stouten et al. 2012). It would be interesting to examine the effects that leaders' moral judgment have on the moral reasoning tendencies of the employees (Schminke et al. 2005; Sosik et al. 2011; Weber &

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Wasioleski 2001). Moral judgment is central to the decisions people make about whether or not to behave ethically (Kohlberg 1969; Rest 1986). An individual's moral judgment development and ethical philosophy play an important role in how his/her values and actions are shaped in the workplace (Ambrose et al. 2008). Some research regarding ethical leadership revealed that leaders' moral judgment development would influence organizational ethical climate and followers' job attitudes (Schminke et al. 2005) as well as followers' perceptions of ethical leadership (Jordan et al. 2013). While leaders' moral judgment is related to how their followers behave, it would be important to investigate the match or mismatch in moral judgment development between leaders and followers in order to determine followers' outcomes. Conducting a study on the relationship between leaders' and followers' moral judgment may have an important bearing on understanding the influences of ethical leadership on followers' ethical behavior (Jordan et al. 2013). However, there is still lack of empirical research on how leaders' moral judgment development affects their followers' moral judgment development. To fill the research gap, this study will select purchasing professionals as research subjects to explore the relationship between leaders and followers on moral judgment.

In this study, purchasing professionals in China and Taiwan are chosen as research subjects. Purchasing professionals usually play a key role in keeping long-term relationships with the suppliers to achieve a company's strategic objectives (Carter & Jennings 2004). In the running of purchasing practices, ethics have been recognized to be an essential requirement in maintaining a good buyer–supplier relationship (Robertson & Rymon 2001). Suppliers usually view the ethics of their buyers as an important foundation to build relationships characterized by trust. Understanding purchasing professionals' perceptions of ethics will be helpful for those who want to build a close buyer–supplier relationship.

In addition, both China and Taiwan are major markets for industrial products. Being one of the world's fast-growing economies, China has no doubt attracted many multinational companies to access this vast emerging market. Taiwan is a newly industrialized economy with many indigenous electronic, information and communication companies becoming internationally influential. With the economic growth of China, the business environment in Taiwan has undergone enormous changes. Taiwanese companies, who share the same culture and language with the people of the mainland, have been enthusiastic about investing in China. Taiwan has a close economic relationship with China. However, although both China and Taiwan are influenced by the Chinese culture, these two societies have been separated and developed independently

since 1949. They consequently exhibit quite different paths of political and economic development. Taiwan's society is considered democratic and capitalistic; whereas China's society is considered centralist and socialistic. Different political and economic conditions are potential factors which would lead to differences in the values and behavior of people between China and Taiwan. Hofstede's survey (Hofstede et al. 2010) also showed that these two areas scored more or less differently on some cultural value dimensions. Differences in cultural values may influence the effect of leadership on followers' outcomes (Brown & Mitchell 2010). Therefore, to explore the influence of cultural values on the leader–follower moral judgment relationship, the present study will compare the moral judgment development of purchasing professionals in China and Taiwan.

The main purposes of this paper are to take purchasing professionals in China and Taiwan as research subjects to (1) analyze the relationship between leaders' and followers' moral judgment, and (2) examine the difference in the leader–follower moral judgment relationship between China and Taiwan. The remainder of the paper proceeds as follows. The next section introduces the theoretical background and proposes research hypotheses. The third section illustrates the research methodology, and the fourth section focuses on the explanation and discussion of the findings. The final section concludes with suggestions.

Theoretical Background and Hypotheses

Moral Judgment Development Theory

Kohlberg's (1969) theory of cognitive moral development is perhaps the best-known approach to exploring individuals' moral judgment. Cognitive moral development is a construct that explains the structures of reasoning that individuals apply when thinking through ethical issues and resolving ethical dilemmas, and is the critical element in the judgment phase of ethical decision making (Rest 1986; Treviño 1986). Kohlberg's theory describes the sophisticated cognitive ethical structure that an individual is potentially capable of utilizing, and suggests that moral judgment involves a sequential series of three increasingly complex developmental levels: preconventional level, conventional level, and postconventional level. Each successive level requires more complex thinking and involves the individual's consideration of an increasingly wide range of persons and institutions.

Individuals at the preconventional level (stages 1 and 2) focus on the consequences of decisions for the self. This level is typically characterized by ethical decisions based on personal rewards and/or punishments. At the

conventional level (stages 3 and 4), individuals identify right and wrong in terms of social relationships. This level is characterized by the adherence to norms which have been established by external groups such as society, family and peer groups. While the adherence to rules is important, the well-being of others is also of prime concern. At the postconventional level (stages 5 and 6), individuals focus on principles for humanity in general. This level involves moral judgment driven by the commitment of the individual to personally selected universal ideals. What is ethical represents visions of ideal societies rather than extant rules of existing groups or social norms, or what benefits one personally.

Progression toward higher level indicates an individual's ability to make moral judgment less dependent on outside influences. Individuals comprehend reasoning at all levels below their own. Higher levels of moral judgment are cognitively more complex than lower levels (Kohlberg 1969). It should be noted that the construct of moral judgment development focuses on moral reasoning, not behavior. However, Kohlberg (1969) argued that individuals respond differently to ethical issues in accordance with their development level of moral judgment. How individuals judge about ethical issues has been found to be related to how they behave (Jordan et al. 2013). Individuals with different levels of moral judgment development are expected to exhibit different business behavior. Higher development levels of moral judgment would be to some extent positively associated with ethical business behavior (Treviño et al. 2006).

Kohlberg (1969) argued that increases in moral judgment development could be brought on by repeated exposure to and interaction with more sophisticated and complex situations. There are several demographic, institutional, and situational variables influencing individual moral judgment development (e.g., Forte 2004; Treviño et al. 2006; Weber & Wasieleski 2001). Regarding the influences of management levels on moral judgment development, different management levels may well result in different development levels of moral judgment (Ford et al. 2000; Lin 2009). Kohlberg's moral development theory suggests that individuals at postconventional level are more likely to become leaders because they love to lead, set goals, take risks, and seek new challenges (Rest 1986).

The present study argues that leaders' moral judgment development would influence followers' moral judgment development. Kohlberg's theory suggests that the development of moral judgment ordinarily takes place through interaction with other people and relies heavily on others' feedback. According to social learning theory (Bandura 1986), individuals tend to look outside themselves to influential referent others for ethical guidance. Leaders are

likely sources of ethical guidance. The ethical/unethical behavior displayed by leaders can influence followers' ethical attitudes and behavior (Mayer et al. 2012). Some researchers have found that the moral judgment development of leaders would influence ethical climate and employee attitudes (Schminke et al. 2005), and followers' perceptions of ethical leadership (Jordan et al. 2013). However, there is still a dearth of studies investigating the effects of leaders' moral judgment on their followers' moral judgment.

The Relationship Between Leader Moral Judgment and Follower Moral Judgment

According to Kohlberg's (1969) theory of cognitive moral development, an individual's moral judgment development is based on the interaction between cognitive decision-making structures and the features of his/her environment. Individuals usually define what is ethical based on the expectations of good behavior by others within their circle of influence, and, accordingly, tend to look outside themselves to influential referent others for ethical guidance (Kohlberg 1969; Treviño 1986). Social learning theory (Bandura 1986) suggests that individuals can learn standards of appropriate behavior by observing how relevant role models behave. This refers to situations in which individuals learn not by experiencing the results of their own actions but by observing others do so. Learning can take the form of imitation of new behavior or the inhibition/disinhibition of existing behavior.

Leaders are relevant role models because they occupy powerful and visible positions in organizations that allow them to capture their followers' attention. They can communicate ethical expectations with followers through formal processes (e.g., rewards and policies) and personal example (e.g., interpersonal treatment of others). Research shows that leadership provides a baseline of behavior that influence followers' decisions and actions (Brown & Mitchell 2010). Followers would have higher ethical behavior intentions when they perceived their leaders to be engaged in ethical behavior. White and Lean (2008) found that individuals who perceived a higher level of integrity in their team leaders would report fewer intentions to commit unethical acts. Therefore, leaders are in a unique position to influence followers' moral reasoning at work and do so through their communications and behavior.

While leadership implies the ability or authority to guide others toward achievement of a goal, leadership styles would influence followers' acceptance of and adherence to organizational norms and values (Zhu et al. 2011). Followers' ethical behavior is related to their leaders' leadership styles. For example, transformational leadership has been shown to have a positive effect on followers' moral

sensitivity/motivation (Mulla & Krishnan 2011), and moral identity (Zhu et al. 2011). Some researchers have argued that transformational leadership is related to leaders' moral judgment development (Graham 1995; Simola et al. 2010; Sivanathan & Fekken 2002). Leaders with higher level of moral judgment development have been shown to exhibit more transformational leadership behavior (Turner et al. 2002). As a result, leaders' moral judgment development to some extent has a positive effect on followers' moral behavior (Schminke et al. 2005).

Leadership has significant impact on followers' ethical decision making because leaders have the power to motivate followers and enforce the organizational rules and policies as well as their own viewpoints (Brown & Treviño 2006). Leaders play an important role in determining the success of organizational ethics training (Wells & Schminke 2001). They can teach ethical conduct to employees through their own behavior. Leaders' moral judgment development to some extent has a positive effect on followers' ethics training outcomes. Dukerich et al. (1990) found that the moral judgment development of the task leader in a small group setting was positively associated with both group performance and the average moral judgment development of the group. They reported that leaders with higher moral judgment development were more likely to assume a coaching or teaching role than were leaders with lower moral judgment development. Therefore, followers are expected to exhibit higher levels of moral judgment development when their leaders have higher moral development levels.

In addition, Kohlberg's (1969) theory of cognitive moral development argued that an individual's moral judgment development is also influenced by the features of his/her work environment. Research shows that organizational ethical climate can foster the development of individual moral judgment (Ambrose et al. 2008; Forte 2004). Organizational ethical policies fall most under the purview of leaders who must be prepared to identify and handle those situations where ethical dilemmas arise for them and their followers in the course of work, and to foster an ethical climate within the organization. Leaders play a critical role in determining organizational ethical climate (Grojean et al. 2004; Schminke et al. 2005). Organizational ethical climate has been found to be positively related to leaders' moral judgment development (Schminke et al. 2005). As a result, it is reasonable to expect that leaders' moral judgment development will have a positive effect on their followers' moral judgment development. Therefore, the present study postulates the research hypothesis:

H1 A positive relationship exists between leader moral judgment development and follower moral judgment development.

The Difference in Leader–Follower Moral Judgment Relationship Between China and Taiwan

Although both China and Taiwan are influenced by the Chinese culture, these two societies have been separated and developing independently for about 60 years. Taiwan has developed to some extent following the Western free-market model while retaining traditional Chinese culture. On the other hand, China has long been socialist. The Cultural Revolution in the 1960s, an ideological movement, has left China scarred with great cultural and economic losses. Taiwan is regarded as a capitalistic and democratic society, whereas China is regarded as a socialistic and centralist society. Under different political and economic systems, people in China and Taiwan are likely to have some differences in behavior and cultural values. For example, people in China and Taiwan sometimes use the same expression with different connotations even though they use the same language (Chang & Ding 1995), or use different words and phrases to describe the same thing. Hofstede's survey (Hofstede et al. 2010) also showed that these two countries scored more or less differently on some cultural dimensions.

Some evidence has revealed that businesspeople and business students in Taiwan behave to a certain extent differently from those in China. Using samples of purchasing professionals in China and Taiwan, Chang and Ding (1995) found that there were significant differences between Taiwanese and Chinese respondents in the integration of Confucian work dynamism dimensions measured by the Chinese Value Survey. As compared with their Chinese counterparts, purchasing professionals in Taiwan would be more likely to cooperate with their colleagues, not insist on their own opinions during decision making, and consider the firm before personal advantage when making buying decisions (Chang & Ding 1995). Wu (2003) found that business students in these two areas showed more or less differences in ethical decision making for selected scenarios. Business students in China displayed different levels of moral judgment development from their Taiwanese counterparts. According to the prior research, it would be reasonable to expect that purchasing professionals in China and Taiwan demonstrate different leader–follower moral judgment relationships.

As Taiwan is a democratic society and China is a centralist society, power distance would to a certain extent give us a clue to explain the difference in the leader–follower moral judgment relationship between these two areas. According to Hofstede's study (Hofstede et al. 2010), China scored higher on power distance than Taiwan (Taiwan scored 58 and China scored 80 on the power distance index). Furthermore, the social learning theory

(Bandura 1986) asserts that power and status enhance the likelihood that a leader will be a model for the impartation of normatively appropriate behavior. Power distance has been cited as an important moderator in leadership research, and has a more theoretically direct relationship to leadership reactions than other cultural values (Kirkman et al. 2009).

Power distance is the degree to which people in a society accept inequality in power and still consider it normal. Power distance might relate to the likelihood of subordinates to perform ethical/unethical actions in response to superiors' pressure and the code of conduct of the group (Hofstede et al. 2010). Differences in power distance may influence the impact that ethical leadership has on important follower outcomes. When dealing with an ethical dilemma, individuals with higher power distance would be more likely to comply with the wishes of workplace superiors and to follow the rules or laws established by the group. For example, reporting problems to a manager is likely to be easier in low compared to high power distance cultures. Followers in high power distance culture might be more willing to tolerate unethical styles of leadership compared to those in low power distance cultures (Brown & Mitchell 2010).

Individuals with high power distance tend to behave submissively around managers, avoid disagreements, and believe that bypassing their bosses is insubordination (Hofstede et al. 2010). Followers who are higher in power distance might focus more on their leaders' suggestions and behavior. They expect more one-way, top-down direction from their leaders. Since followers with higher in power distance believe that their leaders are superior and elite, they will be more likely to be influenced by their leaders. As China scored higher on power distance than Taiwan, Chinese purchasing professionals would be expected to be more easily influenced by their workplace superiors than Taiwanese purchasing professionals. Based on above discussions, the second research hypothesis is proposed as:

H2 The leader–follower moral judgment relationship is stronger for Chinese purchasing professionals than their Taiwanese counterparts.

Methodology

The Instrument

To measure moral judgment development of purchasing professionals, the defining issues test (DIT) developed by Rest (1979) is used in the study. The DIT is developed based on Kohlberg's moral development theory and has

been widely used in business ethics research. It is a short, objective instrument that is practical for large-sample research (Loviscky et al. 2007). The DIT consists of a set of ethical dilemmas to which an individual responds. Subjects are asked to select answers to multiple choice questions that they could take in response to specific ethical dilemmas.

The DIT developed by Rest (1979) measures an individual's moral judgment development level through his/her responses to a series of ethical dilemmas. After reading each ethical dilemma, the respondent is asked to provide an answer on what should be done as well as a ranking of importance of a series of 12 items as to their relevance to the final decision that has been made, each employing a five-point scale with anchors of "great importance" and "no importance". The respondent is then asked to pick out the four most important items to the decision which has been reached and rank them in order. The stage score output from the DIT presents a score for each moral judgment development stage of the respondent. Following the procedure outlined in the DIT instrument manual (Rest 1979), we used the principled score (*P* score) from the DIT to identify respondents' moral judgment development. The *P* score reflects the degree to which a respondent reasons in a morally developed manner in terms of rights and justice.

The original DIT instrument consists of six ethical scenarios. However, some researchers (Ford et al. 2000; Ma & Cheung 1996) argued that, of the six DIT scenarios, the Newspaper, Webster, and the Student Takeover scenarios are culturally inappropriate in Asian contexts because these scenarios focus on issues of little meaning to Asian cultures. The three-scenario version consisting of the Heinz and the Drug, Doctor's Dilemma, and Escaped Prisoner scenarios would be more suitable for Asia occasions. Therefore, the three-scenario version will be used in this study. Although the Chinese translation of the DIT had been tested in previous studies (Ford et al. 1997; Ma & Cheung 1996), this study pre-tested the Chinese translation of the DIT with five Taiwanese and five Chinese purchasing professionals to ensure conceptual equivalence after an extensive back translation process was completed. Every effort was made to ensure the translation was not only grammatically correct but also culturally correct.

The Sample

To test research hypotheses, data were collected through a mail survey of purchasing professionals across a broad spectrum of industries in China and Taiwan. Because of difficulty in getting a list of all purchasing professionals in these areas, we employed the snowball sampling concept to build the sample frame. With the aid of a purchasing

Table 1 Demographic profile of the respondents

	Taiwan			China		
	Leader (176)	Follower (352)	Total (528)	Leader (159)	Follower (318)	Total (477)
Age						
30 or less	4	122	126	4	120	124
31–40	34	124	158	37	101	138
41–50	67	97	164	60	92	152
51–60	54	9	63	47	5	52
61 or more	17	0	17	11	0	11
Gender						
Male	124	193	317	127	205	332
Female	52	159	211	32	113	145
Educational level						
High school	21	58	79	34	95	129
College/university	110	207	317	88	176	264
Graduate school	45	87	132	37	47	84
Purchasing experience						
5 years or less	0	161	161	1	138	139
6–10 years	16	89	105	24	84	108
11–15 years	47	80	127	54	82	136
16–20 years	62	14	76	42	11	53
More than 20 years	51	8	59	38	3	41
Company size						
Less than 100 employees	41	82	123	34	68	102
100–599 employees	79	158	237	72	144	216
500–999 employees	27	54	81	28	56	84
1,000 or more employees	29	58	87	25	50	75
Industry type						
Manufacturing	136	272	408	128	256	384
Service	40	80	120	31	62	93

association in Taiwan and two associations in China (one in Shanghai and the other in Shenzhen), some professionals were invited to participate on the basis of their having purchasing responsibilities for their companies. Shanghai and Shenzhen were selected because these two regions are mature in economic development and international trade. Starting with these participants, the snowball sampling method was used to identify other professionals who had purchasing responsibilities for their companies. Respondents who agreed to participate were asked to suggest the names of other individuals that were then contacted, either by e-mail or telephone. Care was taken to ensure that the individuals were actually involved in purchasing functions for their companies.

The purchasing departments of 500 companies in Taiwan and 500 companies in China are taken as the sample. These department heads were contacted by researchers via e-mail and telephone to solicit their cooperation. The head was asked to fill out one and pass the other two questionnaires to

their direct followers within the department. Because the intimacy of leader–follower interactions may influence the followers' perceptions of leaders' behavior (Jordan et al. 2013), the present study focused on the direct followers' moral judgment development. Compared with subordinates with an indirect leader–follower relationship, direct followers may be more likely to have the opportunity to directly observe their leaders' reasoning about ethical issues, and therefore may have sufficient insight into the leader's moral judgment.

A packet containing a cover letter with the promise of protecting the confidentiality of responses, three questionnaires and a pre-addressed return envelope was mailed to the head of purchasing department for each company. Two weeks after the questionnaires were mailed, a follow-up to the 1,000 companies was conducted by e-mail and telephone to remind them of the importance of their responses and thank them for their assistance. A total of 198 companies in Taiwan and 174 companies in China with all

Table 2 Moral development *p* scores of the respondents

	Mean	Median	Max.	Min.	SD	Correlation
Total						
Leader	36.2	36.7	67.7	12.3	11.8	0.15***
Follower	32.2	31.3	66.0	7.3	12.7	
Taiwan						
Leader	36.4	37.0	67.7	12.7	11.5	0.12**
Follower	32.9	31.7	65.7	9.3	12.6	
China						
Leader	35.8	36.3	67.7	12.3	12.1	0.18***
Follower	31.4	30.7	66.0	7.3	12.9	

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

three respondents returned the questionnaires. The response rate is 39.6 % in Taiwan and 34.8 % in China.

Two reliability criteria for the DIT, *M* score and consistency checks (Rest 1986), were used to verify the internal consistency of the responses. Discarding the respondents that did not pass the DIT reliability checks, the final sample was of 176 complete groups in Taiwan and 159 groups in China. The effective response rate is 35.2 % in Taiwan and 31.8 % in China. In each group, one leader and two followers are involved. There is a total sample size of 528 individuals in Taiwan and 477 in China. Table 1 shows the demographic profile of the respondents.

To evaluate the non-response bias, it would be desirable to compare respondents with non-respondents along known characteristics. Unfortunately, we were unable to have access to information about non-respondents that could allow us to perform this analysis. Following the suggestion that late respondents tend to be more similar to non-respondents than early respondents in mail surveys (Armstrong & Overton 1977), we were, however, able to use the wave analysis, which measures non-response bias by comparing respondents who responded readily to the survey with those who responded after the follow-up steps were taken. Comparisons of survey results that were received after the mailing and after the follow-up revealed no significant differences between the two groups in terms of demographic characteristics. Therefore, the non-response bias is not significant in the study.

Results and Discussions

Table 2 shows a summary of the DIT *P* scores for the respondents. In the present study, the total sample mean *P* score is 33.5 ($n = 1,005$), with a standard deviation of 12.4. Individual *P* scores range from a high of 67.7 and a low of 7.3. Table 2 also shows a comparison in moral judgment development between leaders and followers. For

both Taiwanese and Chinese purchasing professionals, it can be found that leaders' moral judgment development is in average higher than followers' moral judgment development. However, it should be noted that not all leaders exhibit higher moral judgment development than their direct followers. In 422 (63 %) leader–follower pairs, the leaders have greater moral development scores than their followers. The average difference for this group is 11.7. In 214 (32 %) pairs, the leaders' moral development scores are less than their followers. The average difference for this group is -11.2 . And 34 (5 %) pairs have equal moral development scores.

Some studies have shown that moral judgment development increases with management levels (Ford et al. 2000; Lin 2009) though some studies revealed no significant difference in moral development between different management levels (Ford et al. 1997; Forte 2004). In the present study, leaders' moral judgment development is in average significantly higher than followers' moral judgment development. A *t* test reveals that the difference is statistically significant (for Total, $t = 4.94$, $p < 0.01$; for Taiwan, $t = 3.19$, $p < 0.01$; for China, $t = 3.66$, $p < 0.01$).

According to Kohlberg's (1969) theory, moral judgment development is thought to be a distinct cognitive domain that can be influenced through interaction with one's environment. Thus, it is reasonable to expect that an individual's work may influence his/her moral judgment development. Kohlberg (1969) suggested that two characteristics of the work itself, role taking opportunities and responsibility for the resolution of ethical dilemmas, may play a role in the development of moral judgment. Role taking means thinking over the perspective of others. Individuals whose work affords them the opportunity to consider the viewpoints of others will be more likely to advance in moral judgment development. Also, individuals whose work requires them to be responsible for resolving ethical dilemmas would be more likely to advance in moral judgment development as a result of their work. Because most leaders usually need to identify and handle those situations where ethical dilemmas arise for them and their followers in the work, leaders would exhibit higher moral judgment development than their followers. In addition, because individuals with higher moral development are likely to attract individuals with lower moral development (Rest 1986), the present results may imply that leaders could be role models that allow them to capture their followers' attention.

The resulting *P* score is a specific assessment reflecting the degree to which a respondent reasons in a morally developed manner. Rest (1986) has recommended cutoff points with which to divide respondents into three moral-development groups. He assigned *P* scores from 0 to 27 to

Table 3 Moral development level distribution of the respondents

	Preconventional (<i>p</i> score up to 27)	Conventional (28–41)	Postconventional (42 and up)
Total (1,005)	212 (21 %)	555 (55 %)	238 (24 %)
Leader (335)	62 (19 %)	177 (53 %)	96 (29 %)
Follower (670)	150 (22 %)	378 (56 %)	142 (21 %)
Taiwan (528)	104 (20 %)	292 (55 %)	132 (25 %)
Leader (176)	31 (18 %)	93 (53 %)	52 (30 %)
Follower (352)	73 (21 %)	199 (57 %)	80 (23 %)
China (477)	108 (23 %)	263 (55 %)	106 (22 %)
Leader (159)	31 (19 %)	84 (53 %)	44 (28 %)
Follower (318)	77 (24 %)	179 (56 %)	62 (19 %)

the *preconventional* level, from 28 to 41 to the *conventional* level, and 42 and above to the *postconventional* level. Table 3 shows the distribution of moral development levels of the respondents. From Table 3, it can be found that different levels of management may well result in different levels of moral development. Both preconventional and conventional proportions of leaders are lower, but not significantly, than the proportions of followers. The postconventional proportion of leaders is significantly higher than that of followers (for Total, $Z = 2.62$, $p < 0.01$; for Taiwan, $Z = 1.71$, $p < 0.05$; for China, $Z = 2.02$, $p < 0.05$). Because leaders love to lead, set goals, take risks, and seek new challenges (Rest 1986), Kohlberg's moral development theory suggests that leaders are more likely to advance to postconventional level of moral development. Individuals who operate at higher levels of moral judgment development are more likely to make principled decisions, demonstrate concern for the rights of others, and value fairness as the foundation upon which relationships are built (Rest et al. 1999).

Furthermore, Table 3 shows that most Taiwanese and Chinese purchasing professionals focus on the conventional level. There is no statistically significant difference in moral development level distributions between Taiwanese and Chinese respondents. Most respondents are at the conventional level. This implies that their thinking about what is right is largely influenced by significant others, rules, and laws (Rest et al. 1999). As the conventional level focuses more on mutual benefits and the rules, most Taiwanese and Chinese purchasing professionals may be concerned with mutually satisfying outcomes and group harmonization during the purchasing negotiation process. To protect a group's good reputation and obey the code of conduct of the group, both Taiwanese and Chinese purchasing professionals may be likely to behave ethically.

Both China and Taiwan are influenced by the Chinese culture. Traditional Chinese culture results mainly from the influences of Confucianism. Confucian ethics emphasizes harmonious relationships within society, family as well as

individuals. The relationships within society and family that the Confucian ethics focuses include rulers and subjects, fathers and sons, elder and younger brothers, husbands and wives, and friends and friends. These relationships are maintained on the basis of mutual duties and obligations (Waldmann 2000). Confucian ethics has also influenced the business practices in Taiwan and China. The relationships between rulers and subjects, and fathers and sons have been applied to the leader–follower relationships in business. The relationships between elder and younger brothers, and friends and friends have been used to investigate as the relationships between colleagues in a business context. While Chinese cultural values are based on the social system rather than on the self (Hofstede et al. 2010), both Taiwanese and Chinese respondents would be sensitive to the interpersonal contact and the pressure on keeping commitments. Because the conventional level of moral judgment concerns about interpersonal concordance, and law and duty to the social order, it is reasonable that most Taiwanese and Chinese respondents would focus mainly on the conventional level of moral judgment.

One main purpose of the study is to explore the relationship between leaders' and followers' moral judgment development. Table 2 also presents the correlations of moral judgment level scores between leaders and followers. The correlations for both Taiwanese and Chinese respondents are significantly positive. Therefore, the research hypothesis H1 is supported in that there is a positive relationship between leader moral judgment and follower moral judgment. Followers will exhibit higher levels of moral judgment when their leaders have higher levels of moral judgment. The leaders' ethical concerns will influence how their followers act.

Table 2 also shows that the correlation of leader moral judgment and follower moral judgment for Chinese purchasing professionals ($r = 0.18$; $t = 3.25$, $p < 0.01$) is higher than the correlation for Taiwanese purchasing professionals ($r = 0.12$; $t = 2.26$, $p < 0.05$). Therefore, the research hypothesis H2 is supported in that the leader–follower moral judgment relationship is stronger for Chinese purchasing professionals than their Taiwanese counterparts.

To further evidence the relationship between leaders' and followers' moral judgment, the regression analysis was also conducted in the study, which takes followers' *P* scores as the dependent variable, leaders' *P* scores as the independent variable and followers' demographic variables as control variables. Table 4 shows the regression results. It can be found that the regression coefficients of leaders' moral development are significantly positive. The results further evidence that there is a positive association between leaders and followers on moral judgment development. The research hypothesis H1 is supported. Furthermore, the

Table 4 Regression analysis of follower moral development

Dependent variable: follower moral judgment development <i>p</i> scores		
Independent variables	Taiwan (<i>n</i> = 352) Coefficient β (<i>t</i>)	China (<i>n</i> = 318) Coefficient β (<i>t</i>)
Leader moral development	0.103 (1.769*)	0.127 (2.541**)
Followers' demographics		
Age	0.108 (1.832*)	0.110 (1.874*)
Gender (female = 0; male = 1)	-0.065 (-0.896)	-0.074 (-0.906)
Educational level	0.114 (1.988**)	0.139 (3.458***)
Purchasing experience	0.213 (7.125***)	0.198 (6.127***)
Company size	0.057 (0.763)	0.061 (0.819)
Industry type (service = 0; manufacturing = 1)	0.046 (0.651)	0.056 (0.736)
R^2	0.182	0.193
adj R^2	0.165	0.174
<i>F</i>	10.934***	10.591***

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

regression coefficient of leaders' moral development for Chinese respondents is greater than that of Taiwanese respondents. This implies that the research hypothesis H2 is also supported.

In a study of leader–follower ethical reasoning and perceptions of ethical leadership, Jordan et al. (2013) found that the correlation between leaders and followers' moral judgment development is $r = 0.02$ for the U.S. samples. According to Hofstede's study (Hofstede et al. 2010), the power distance for U.S. (power distance score = 40) is lower than Taiwan and China (Taiwan scored 58 and China scored 80 on the power distance index). Therefore, the present study may imply that the higher is the power distance, the stronger is the leader–follower moral judgment relationship. Followers in high power distance are more likely to prefer decisions made by leaders to participatory decision-making, and have a built-in sense of legitimacy of leader–follower relationships than those in low power distance. They typically obey and respect leader instructions without questions, and likely expect solutions from their leaders (Daniels & Greguras 2014). Accordingly, followers in high power distance would be expected to be more easily influenced by their workplace leaders. The leader–follower moral judgment relationship would be stronger in a society with higher power distance.

An underlying theoretical tenet of Kohlberg's (1969) moral development theory suggests that individuals prefer and are more attracted to higher development levels of moral judgment, even though they are not yet cognitively capable of reasoning at such levels themselves (Schminke et al. 2005). Thus, the present study argues that leaders

Table 5 Leader–follower correlations for leaders with different moral development

Types of leaders	Correlation (<i>r</i>)	
	Taiwan	China
Preconventional leaders	-0.02	0.01
Conventional leaders	0.18*	0.25**
Postconventional leaders	0.28**	0.34***

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

with higher levels of moral judgment will be more likely to become attractive role models for their followers, and accordingly exhibit more influences on their followers. To examine whether leaders with higher moral development are more likely to influence their followers, Table 5 shows a comparison among three different development levels of leaders in their influences on followers' moral judgment development.

The results in Table 5 reveal that the leader–follower moral judgment correlations increase with leaders' moral judgment development levels. For both Taiwanese and Chinese respondents, the correlations for postconventional leaders are higher than conventional and preconventional leaders. This implies that leaders with higher moral judgment development would have more influences on followers' moral judgment development. Leaders who are more advanced in moral judgment development may be more able to present novel ways of reasoning about ethical issues and speak to their followers using moral judgment at levels that their followers can comprehend. Therefore, to increase the influences of leadership, companies should attempt to increase workplace leaders' moral judgment development.

Leadership is an influencing process that results from followers' perceptions of leader behavior. Leaders exhibiting higher levels of moral judgment development are more likely to be perceived as ethical leaders (Jordan et al. 2013) because they are more likely to be attractive and credible role models who bring followers' attention to messages about ethics by modeling ethical behavior (Brown & Treviño 2006). In line with Kohlberg's (1969) moral development theory, leaders with higher moral judgment development would be able to draw on more sophisticated conceptualizations of interpersonal situations. They are more likely to think about problems in different ways and ruminate over challenging ethical issues, and are aware of a larger number of behavioral options. Therefore, postconventional leaders are likely to focus on principles for humanity in general and to resist the pressure of conforming to the judgment of others. They would acknowledge and monitor the concerns of all stakeholders, and

Table 6 Leader–follower correlations for followers with different moral development

Types of followers	Correlation (<i>r</i>)	
	Taiwan	China
Preconventional followers	0.21**	0.29***
Conventional followers	0.14**	0.19**
Postconventional followers	0.07	0.07

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

recognize the potential conflicts between leaders themselves and their legal and moral responsibilities for the interests of other stakeholders (Rest et al. 1999). As a result, postconventional leaders are likely to value goals that go beyond immediate self-interest and to foresee the benefits of actions that serve the collective good. They are also likely to feel confident in talking about ethical issues and verbalize their reasoning to followers. Their followers are accordingly expected to be capable of embracing complex ethical issues based on holistic thinking.

In addition, the effect of leadership may depend on the follower's level of moral judgment development (Jordan et al. 2013). According to cognitive moral development theory, moral judgment development occurs through the interaction of the individual with his/her environment. At a lower moral development level, the influence of the social context is more important (Kohlberg 1969). Therefore, we argue that the effect of leaders' moral exemplars on followers may decrease with followers' levels of moral judgment development. To examine whether followers with lower moral judgment development are more likely to be influenced by their leaders, Table 6 shows a comparison in leader–follower moral development relationships among three different development levels of followers.

The results in Table 6 reveal that the leader–follower moral judgment correlations decrease with followers' moral judgment development levels. For both Taiwanese and Chinese respondents, the correlations for preconventional followers are higher than conventional and postconventional followers. This implies that followers with lower moral judgment development would be more likely to be influenced by their leaders. For preconventional and conventional followers, the leader's ethical decision making would be particularly noteworthy to them. Postconventional followers are much less likely to be concerned about the consequences of leaders' actions. Instead, they are more likely to accept the intrinsic goodness of the acts themselves. Therefore, the moral modeling effects of leaders would to some extent depend on followers' levels of moral judgment development.

Conclusions

Leadership involves the use of authority to help followers deal with the conflicting values that emerge in rapidly changing work environments and social changes. Ethics has been viewed as an a priori condition of leadership because of the impact leaders have on establishing the organizational values and engaging followers to accomplish mutual goals. The literature discussing ethical leadership has been on the rise over the past decade. Much remains to be learned is how leaders' moral judgment influence followers' moral judgment. Moral judgment is central to ethical decision making. Ethical behavior is to some extent positively related to individual moral judgment development. Using the DIT to measure moral judgment development of Chinese and Taiwanese purchasing professionals, the present research makes contributions toward the ethics literature by providing valuable empirical insight into the relationship between leaders' moral judgment development and followers' moral judgment development.

Research findings reveal that there is a positive relationship between leaders and followers on moral judgment development. Leaders' moral judgment development has positive influences on followers' moral judgment development. Furthermore, the higher is the leaders' moral judgment development, the greater is the influences of leaders on followers. Leaders exhibiting higher levels of moral judgment development are more likely to be attractive and credible role models who bring followers' attention to messages about ethics by modeling ethical behavior. The leader's duties are to establish the organizational values and assist the follower in struggling with change and personal growth. If a leader does not actively serve as a role model for the organizational values, those values will become nothing more than lip service. Followers might ignore a leader whose behavior is inconsistent with his/her ethical pronouncements. Therefore, to increase leaders' influences on followers, companies can arrange some training programs to improve leaders' moral judgment development.

The other purpose of the study is to examine the difference in the leader–follower moral judgment relationship between China and Taiwan. An understanding on the difference in leader–follower moral judgment relationship between purchasing professionals in China and Taiwan can help us to appreciate the potential cultural influence on ethical leadership. Although ethics is a universal human trait, standards that guide ethicality differ from society to society. Each society has its own form of government, socio-economic and legal conditions, and moral values. Multinational companies should pay attention to cultural

differences in managing the relationship between leaders and followers. According to the present comparison results between Taiwan and China, it can be concluded that culture will influence the leader–follower moral judgment relationship. The present study argued that power distance should be an important factor influencing the effects of leadership on followers' behavior. The influences of leaders on followers in a society with higher power distance would be greater than those in a society with lower power distance.

Limitations and Future Research

The study is limited by the fact that a self-report format was used in the survey. Such data collection methods are usually open to the problem that respondents may not have been candid. Recognizing the importance of this issue, we attempted to allay the concerns of respondents by promising them that all respondents would be confidential and would be used only in summary form. In addition, this study has the potential to suffer from gathering responses that state what is socially desirable, not what is practiced. The fact that the survey was anonymous and voluntary may to some extent have minimized this problem.

The present study only made a comparison between Taiwan and China. One limitation of this study is the restricted external validity as the sample frame is restricted to purchasing professionals in China and Taiwan. Making generalizations about the association between leaders' moral judgment development and followers' moral judgment development in other countries based on the present research findings may not be appropriate without further research. To evidence the influence of power distance on leader–follower moral judgment relationship, future research can extend and replicate the current study to more countries.

Furthermore, some researchers argued that within-country (individual-level) variation in cultural values can be larger than country-level cultural differences (Daniels & Greguras 2014). Although, one may expect most individuals in a high power distance culture to hold high power distance values, it is possible to find some individuals that may not share these values. A further study can also consider the influences of individual power distance on leader–follower moral judgment relationships.

This paper only provides empirical evidence that follower moral judgment is positively related to leader moral judgment. We did not show the mechanism linking leaders' and followers' moral judgment development. Based on the formulation of the proposed research hypothesis, we have assumed that leaders' moral judgment development will affect leadership style as well as organizational ethical climate, and consequently influence followers' moral

judgment. Future research can analyze the mediating roles of leadership style and organizational ethical climate in linking leaders' and followers' moral judgment development.

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